

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

INCOME TAX REFERENCE NO. 335 OF 1983

The Commissioner of Income Tax,  
Gujarat-I, Ahmedabad .. Applicant

Versus

The Aruna Mills Limited., Ahmedabad .. Rajkot

Date of Decision : 29th November 1996

For Approval and Signature

THE HONOURABLE MR. JUSTICE R.K. ABICHANDANI

THE HONOURABLE MR. JUSTICE RAJESH BALIA

1. Whether Reporters of Local Papers may be allowed to see the judgement?
2. To be referred to the Reporter or not?
3. Whether Their Lordships wish to see the fair copy of Judgement?
4. Whether this case involves a substantial question of law as to the interpretation of the Constitution of India, 1950 or any order made thereunder?
5. Whether it is to be circulated to the Civil Judge?

Mr. M.J. Thakore instructed by Mr. Manish R. Bhatt for applicant

Mr.D.A. Mehta with Mr. R.K. Patel with Mr. B.D. Karia for respondent

Coram : R.K. Abichandani and Rajesh Balia, JJ

29th November 1996

Oral Judgement (Per R.K. Abichandani, J)

1. The following question has been referred to us for our opinion under Section 256(1) of the Income Tax Act:

"Whether, on the facts and in the circumstances of the case, the Tribunal was right in law in coming to the conclusion that the amounts paid to the Managing Director for reimbursement of Medical expenses was liable to be excluded while computing disallowances under Section 40(c) of the Income Tax Act, 1961."

2. The question referred to us is covered by the decision of this Court in Gujarat Steel Tubes Limited vs. C.I.T. reported in 210 ITR 358 in which it was held that reimbursement of medical expenses incurred by the directors is a benefit to a Director within the meaning of Section 40(c)(i) of the Act. Following the ratio of this decision, we are of the opinion that the Tribunal was not right in coming to the conclusion that the amounts paid to the Managing Director for reimbursement of medical expenses were liable to be excluded while computing disallowances under Section 40(c) of the Act. The question referred to us is therefore, answered in the negative and in favour of the revenue. The reference stands disposed of accordingly with no order as to costs.

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